NORTHWEST ARCTIC BOROUGH ASSEMBLY

RESOLUTION 15-03

A RESOLUTION OF THE NORTHWEST ARCTIC BOROUGH ASSEMBLY AMENDING THE FY15 LONG-TERM INVESTMENT ALLOCATION, SETTING APPROPRIATE PERFORMANCE BENCHMARKS, AND FOR RELATED PURPOSES.

WHEREAS: under the Borough’s Investment Code, the Assembly shall annually approve an Asset Allocation Plan for investment of the Borough’s long-term investments; and

WHEREAS: 6.20.030 directs investment of the Borough’s long-term investments in various fixed-income and equity asset classes; and

WHEREAS: Resolution 14-48 set the Borough’s FY15 investment allocation and the Borough wishes to change two target weighting categories to refine its benchmarks; and

WHEREAS: the Assembly believes that establishing asset allocation criteria for these various long-term asset classes is in the best interest of the Borough; and

WHEREAS: the Assembly’s annually-approved Asset Allocation Plan will provide benchmarks to measure both absolute and relative performance of the Borough’s long-term investments and the investment manager.

NOW THEREFORE BE IT RESOLVED BY THE NORTHWEST ARCTIC BOROUGH ASSEMBLY: the FY15 Asset Allocation Plan shall be amended as follows:

Section 1: The overall target allocation is 50% equity and 50% fixed-income with a maximum variance of plus or minus 10% of the target allocation.

Section 2: The Asset Allocation Plan and Target Weightings with range restrictions are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target % Weighting</th>
<th>Range %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fix-Income (bonds)</td>
<td>30</td>
<td>20-40</td>
</tr>
<tr>
<td>Large-Cap Domestic Equity</td>
<td>20</td>
<td>10-30</td>
</tr>
<tr>
<td>Mid-Cap Domestic Equity</td>
<td>7</td>
<td>0-15</td>
</tr>
<tr>
<td>Small-Cap Domestic Equity</td>
<td>3</td>
<td>0-10</td>
</tr>
<tr>
<td>--------------------------</td>
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<td>------</td>
</tr>
<tr>
<td>International Equity</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td>International Emerging Markets</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>Real-Estate Equities</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>TIPS</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td>International Fixed Income</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>Cash</td>
<td>5</td>
<td>0-10</td>
</tr>
</tbody>
</table>

Section 3: The performance of the Fund and investment managers will be measured against the Target Weighting as follows:

- Performance measurement of the Fixed Income allocation will be measured against the Target weighting using the Barclay’s Intermediate Government/Credit Index for the benchmark.
- Performance measurement of the Large-Cap Domestic Equity allocation will be measured against the Target weighting using the Standard & Poor’s 500 Index for the benchmark.
- Performance measurement of the Mid-Cap Equity allocation will be measured against the Target weighting using the Standard & Poor’s 400 Mid-Cap Index as the benchmark.
- Performance measurement of the Small-Cap Equity allocation will be measured against the Target weighting using the Standard & Poor’s 600 Small-Cap Index as the benchmark.
- Performance measurement of the International Equity allocation will be measured against the Target weighting using the Financial Times Stock Exchange Developed ex North America Index for the benchmark.
- Performance measurement of the International Emerging Markets allocation will be measured against the Target weighting, using the Financial Times Stock Exchange Emerging Index as the benchmark.
- Performance measurement of the Real-Estate Equities allocation will be measured against the Target weighting using the Standard & Poor’s US REIT Index as the benchmark.
- Performance measurement of the US Treasury Inflation Protected Securities (TIPS) allocation will be measured against the Target weighting using the Barclays US TIPS 0-5 Year Index.
- Performance measurement of the International Fixed-Income allocation will be measured against the Target weighting using the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index.
- Performance measurement of the Cash allocation will be measured against the Target weighting, using the Citi Group 90-Day T-Bill Index.
PASSED AND ADOPTED THIS 27th DAY OF JANUARY 2015.

[Signature]

Carl Weisner, Assembly President

PASSED AND APPROVED THIS 27th DAY OF JANUARY 2015.

[Signature]

Reggie Joule, Mayor

SIGNED AND ATTESTED TO THIS 27th DAY OF JANUARY 2015.

[Signature]

Stella Atoruk, Borough Clerk

ATTEST:

[Seal]